



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 5, 2001

S. 942 **TANF Supplemental Grants Act of 2001**

As ordered reported by the Senate Committee on Finance on November 1, 2001

SUMMARY

S. 942 would extend the Supplemental Grants for Population Increases under the Temporary Assistance for Needy Families (TANF) program through 2002. States would receive grants funded at the 2001 level totaling \$319 million. The bill would delay some other payments to states from 2002 to 2003. Overall, enacting the bill would reduce direct spending by \$20 million in 2002, but would increase such spending by \$135 million in 2003 and \$315 million over the 2002-2011 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

S. 942 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Overall, the bill would authorize an increase in grant funding to states of \$319 million; CBO estimates that most of those funds would be spent over the 2002-2011 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S 942 is shown in the following table. The costs of this legislation fall with budget function 600 (income security).

Seventeen states that had lower-than-average TANF grants per poor person or had increasing populations received Supplemental Grants each year for 1998 through 2001. S. 942 would provide Supplemental Grants totaling \$319 million to those states in 2002. Because many states have not been spending their entire TANF grant or have balances from prior years, CBO assumes that states would not spend the new funds quickly. CBO estimates that states would spend \$90 million in 2002 and \$25 million each year thereafter until the money is spent. We estimate that such spending would total \$190 million over the 2002-2006 period.

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN DIRECT SPENDING					
Extend Supplemental Grants through 2002 at \$319 Million					
Budget Authority	319	0	0	0	0
Estimated Outlays	90	25	25	25	25
Delay TANF payments to states					
Budget Authority	0	0	0	0	0
Estimated Outlays	-110	110	0	0	0
Rescind \$319 Million of Budget Authority for the High-Performance Bonus in 2002 and restore it in 2003					
Budget Authority	-319	319	0	0	0
Estimated Outlays	0	0	0	0	0
Total Changes					
Budget Authority	0	319	0	0	0
Estimated Outlays	-20	135	25	25	25

In addition, the bill specifies that any TANF payments that would otherwise be sent to states on September 30, 2002, would instead be sent on October 1, 2002. Based on recent spending patterns, CBO estimates that \$110 million of payments would be moved from fiscal year 2002 to fiscal year 2003.

Finally, the bill would rescind \$319 million in budget authority for a TANF bonus to high-performing states in 2002 and re-appropriate the money in 2003. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 appropriated \$1 billion for high-performance bonuses for the 1999-2003 period. Based on the current schedule for awarding grants, \$400 million would not be awarded until 2003 anyway, so this provision would not affect the level or timing of payments to states.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The following table displays CBO's estimate of the direct spending effects of S. 942. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	-20	135	25	25	25	25	25	25	25	25
Changes in receipts	Not applicable									

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 942 contains no intergovernmental mandates as defined in UMRA. Overall, the bill would authorize an increase in grant funding to states of \$319 million; CBO estimates that most of those funds would be spent over the 2002-2011 period.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 942 contains no private-sector mandates as defined in UMRA.

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